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**THIRTY-FIRST JUDICIAL DISTRICT
INDIGENT DEFENDER BOARD**
Jefferson Davis Parish, Louisiana

Annual Financial Statements
As of and For the Year Ended December 31, 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8-9-06

THIRTY-FIST JUDICIAL DISTRICT INDIGENT DEFENDER BOARD

Jennings, Louisiana

Annual Financial Statements

As of and for the Year Ended December 31, 2005

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INDEPENDENT AUDITOR'S REPORT

Thirty-First Judicial District Indigent Defender Board
Jefferson Davis Parish Police Jury
Jennings, Louisiana

I have audited the accompanying financial statements of the governmental activities and the major fund information of the Thirty-First Judicial District Indigent Defender Board, a component unit of the Jefferson Davis Parish Police Jury, as of December 31, 2005, which collectively comprises the Indigent Defender Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Thirty-First Judicial District Indigent Defender Board's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities and the major fund information of the Indigent Defender Board as of December 31, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 26, 2006, on my consideration of Thirty-First Judicial District Indigent Defender Board's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of my audit.

The Indigent Defender Board has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although no required to be part of, the basic financial statements. The budgetary comparison information on pages 14 to 16, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

Mike B. Gillespie, CPA, APAC

Jennings, Louisiana

June 26, 2006

BASIC FINANCIAL STATEMENTS

THIRTY-FIRST JUDICIAL DISTRICT INDIGENT DEFENDER BOARD
Governmental Fund Balance Sheet / Statement of Net Assets
December 31, 2005

Statement A

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
ASSETS			
Cash	\$ 38,173		38,173
Investments	402,274		402,274
Receivables, net	21,201		21,201
Accrued interest receivable	-	2,654	2,654
Capital assets, net of accumulated depreciation	-	1,171	1,171
Total Assets	<u>461,648</u>	<u>3,825</u>	<u>465,473</u>
LIABILITIES			
Accounts payable	1,875		1,875
Professional services payable	37,875		37,875
Total Liabilities	<u>39,750</u>	<u>-</u>	<u>39,750</u>
FUND BALANCE / NET ASSETS			
Unreserved - undesignated	421,898	(421,898)	-
Total Fund Balances	<u>421,898</u>	<u>(421,898)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 461,648</u>		
NET ASSETS			
Invested in capital assets, net of related debt		1,171	1,171
Unrestricted		424,552	424,552
Total Net Assets		<u>\$ 425,723</u>	<u>425,723</u>

The accompanying notes are an integral part of this statement.

THIRTY-FIRST JUDICIAL DISTRICT INDIGENT DEFENDER BOARD
Statement of Governmental Fund Revenues, Expenditures, and
Changes in Fund Balances / Statement of Activities
For the Year Ended December 31, 2005

Statement B

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES/ EXPENSES :			
Current			
Judiciary:			
Professional legal services	\$ 394,725	-	394,725
Other contracted services	10,520	-	10,520
Case expense	12,250	-	12,250
Office expense	162	-	162
Other	4,680	-	4,680
Depreciation expense	-	390	390
Capital outlay	-	-	-
Total Expenditures / Expenses	<u>422,337</u>	<u>390</u>	<u>422,727</u>
PROGRAM REVENUES:			
Court costs on fines and forfeitures	384,494	-	384,494
Fees from indigents	240	-	240
State grants and contributions- operating	18,757	-	18,757
Total Program Revenues	<u>403,491</u>	<u>-</u>	<u>403,491</u>
Net Program Expenses			<u>(19,236)</u>
GENERAL REVENUES:			
Interest earned	<u>6,973</u>	<u>2,654</u>	<u>9,627</u>
Total General Revenues	<u>6,973</u>	<u>2,654</u>	<u>9,627</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(11,873)	11,873	-
CHANGE IN NET ASSETS	-	(14,917)	(9,609)
FUND BALANCE / NET ASSETS:			
Beginning of the Year	433,771	1,561	435,332
End of the Year	<u>\$ 421,898</u>	<u>(1,483)</u>	<u>425,723</u>

The accompanying notes are an integral part of this statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

THIRTY-FIRST JUDICIAL DISTRICT INDIGENT DEFENDER BOARD NOTES TO THE BASIC FINANCIAL STATEMENTS

INTRODUCTION

The Thirty-First Judicial District Indigent Defender Board, established in compliance with Louisiana Revised Statutes 15:144-149, provides counsel to represent indigents (needy individuals) in criminal and quasi-criminal cases at the district court level. The judicial district encompasses Jefferson Davis Parish. The board is composed of three members who are appointed by the district court. Board members serve without compensation. Revenues to finance the board's operations are provided from court costs on fines imposed by the Thirty-First Judicial District and City of Jennings court.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying basic financial statements of the Thirty-First Judicial District Indigent Defender Board have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statement have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999.

B. REPORTING ENTITY

The indigent defender board is part of the operations of the district court system. However, the district court system is fiscally dependent on the Jefferson Davis Police Jury for office space and courtrooms. In addition, the police jury's financial statements would be incomplete or misleading without inclusion of the indigent defender board. For these reasons, the indigent defender board was determined to be a component unit of the Jefferson Davis Parish Police Jury, the financial reporting entity.

The accompanying financial statements present information only on the funds maintained by the board and do not present information of the police jury, the general governmental services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

The Indigent Defender board uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain board functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds

Governmental funds account for all or most of the Indigent Defender Board's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference

THIRTY-FIRST JUDICIAL DISTRICT INDIGENT DEFENDER BOARD NOTES TO THE BASIC FINANCIAL STATEMENTS

between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the board. The following are the board's governmental funds:

General Fund – the primary operating fund of the Indigent Defender Board and it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to board policy.

D. MEASUREMENT FOCUS / BASIS OF ACCOUNTING

Fund Financial Statements (FFS)

The amounts reflected in the General Fund of Statements A and B, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of Indigent Defender Board operations.

The amounts reflected in the General Fund of Statements A and B use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Indigent Defender Board considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Court costs on fines and forfeitures are recorded in the month that the amounts are collected by the appropriate courts since they are measurable and available.

Expenditures

Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Government-Wide Financial Statements (GWFS)

The column labeled Statement of Net Assets (Statement A) and the column labeled Statement of Activities (Statement B) display information about the board as a whole. These statements include all the financial activities of the Indigent Defender Board. Information contained in these columns reflect the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed).

THIRTY-FIRST JUDICIAL DISTRICT INDIGENT DEFENDER BOARD **NOTES TO THE BASIC FINANCIAL STATEMENTS**

Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues – Program revenues included in the column labeled Statement of Activities (Statement B) are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the board's general revenues.

Reconciliation

Reconciliation of the items reflected in the funds columns to the Statement of Activities (Statement B) and Statement of Net Assets (Statement A) are as follows:

Reconciliation of Total Governmental Fund Balance to Net Asset of Governmental Activities:

Total Ending Fund Balance – Governmental Fund	\$ 421,898
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Cost of capital assets	\$ 1,952	
Accumulated depreciation	<u>(781)</u>	1,171

Other assets used in governmental activities are not financial resources and, therefore are not reported in the governmental funds.

Accrued interest receivable	<u>2,654</u>
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Net Assets	\$ <u>425,723</u>
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Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities

Total Net Change in Fund Balance – Governmental Funds	\$ (11,873)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the current period:

Depreciation expense	\$ <u>(390)</u>	(390)
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**THIRTY-FIRST JUDICIAL DISTRICT INDIGENT DEFENDER BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS**

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Interest revenue	2,654
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Change in Net Assets of Governmental Activities	\$ (9,609)
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E. DEPOSITS AND INVESTMENTS

Deposits and investments include amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Under state law, the Indigent Defender Board may deposit funds in demand deposits, interest-bearing deposits, money market accounts, or time deposits with state banks organized under Louisiana Law or any other state of the United States, or under the laws of the United States.

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 since the board does not have a formal investment policy. Funds which are available for investment and above immediate cash requirements can be invested in statutorily sanctioned investments including direct U.S. Treasury obligations, bonds, debentures, notes issued by or guaranteed by federal agencies, or certificates, or time certificates of deposit in any bank domiciled or having a branch office in Louisiana or any other federally insured investment. Statutorily sanctioned investments also include funds invested with external local government investment pools such as Louisiana Assets Management Pool.

When investments are present in the financial statements they are reflected at fair value except for the following which are permitted per GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*:

- 1) Investments in *nonparticipating* interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure. Interest-earning investment contracts include time deposits with financial institutions (such certificates of deposit), repurchase agreements, and guaranteed investment contracts.
- 2) Money-market investments and *participating* interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less are reported at amortized cost. Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

F. CAPITAL ASSETS

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Government-wide Financial Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are capitalized at historical cost or estimated historical cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Indigent Defender Board maintains a threshold level of \$1,000 or more for capitalizing

THIRTY-FIRST JUDICIAL DISTRICT INDIGENT DEFENDER BOARD NOTES TO THE BASIC FINANCIAL STATEMENTS

capital assets. Additions, improvement and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The estimated useful life by type of assets is as follows:

Office equipment	5 years
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G. FUND EQUITY

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved displayed as either designated or undesignated. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriations or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change.

Government-wide Financial Statements

Equity is classified as net assets and displayed in three components:

Invested in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net assets – Consists of net assets with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed.

H. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**THIRTY-FIRST JUDICIAL DISTRICT INDIGENT DEFENDER BOARD
NOTES TO THE BASIC FINANCIAL STATEMENTS**

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following individual funds had actual expenditures over budgeted appropriations for the year ended December 31, 2005:

<u>Fund</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	\$ 394,000	\$ 422,300	\$ 422,337	\$ 37

3. DEPOSITS AND INVESTMENTS

Deposits

The year end balances of deposits are as follows:

<u>Deposit Type</u>	<u>Bank Balances</u>	<u>Reported Amount</u>
Cash –demand deposits	\$ 38,173	\$ 38,173
Totals	\$ 38,173	\$ 38,173

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank.

Custodial credit risk is the risk that in the event of a bank failure, the Board's deposits may not be returned to it. The Board's deposit policy for custodial credit risk requires that all uninsured deposits must be secured with acceptable collateral as defined in LRS 38:1221 valued at market. As of December 31, 2005, the Board had deposits (collected bank balances) totaling \$38,173. Of these bank deposit balances, none were exposed to custodial credit risk.

Even though pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, *Deposits and Investment Risk Disclosures*, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Board that the fiscal agent has failed to pay deposited funds upon demand.

Investments

At December 31, 2005, the Board had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>	
		<u>Less Than 1</u>	<u>1-5</u>
Certificates of deposits- nonnegotiable	\$ 402,274	\$ 202,274	\$ 200,000
Totals	\$ 402,274	\$ 202,274	\$ 200,000

THIRTY-FIRST JUDICIAL DISTRICT INDIGENT DEFENDER BOARD **NOTES TO THE BASIC FINANCIAL STATEMENTS**

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Board does not have a written investment policy, but does adhere to State laws regarding allowable investments. The above investments are not rated.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the investments listed above, \$202,274 were exposed to custodial credit risk as follows: Uninsured and collateral held by pledging institution's agent not in the Board's name \$202,274.

1. RECEIVABLES

The receivables of \$21,201 at December 31, 2005, are as follows:

Class of Receivable	
Court Costs on Fines & Forfeitures	\$ 21,201
Less Allowance for Doubtful Accounts	-
Total	<u>\$ 21,201</u>

2. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2005, is as follows:

	Balance Beginning	Additions	Dispositions	Balance Ending
Capital assets being depreciated:				
Furniture and equipment	1,952	-	-	1,952
Total capital assets being depreciated	<u>1,952</u>	<u>-</u>	<u>-</u>	<u>1,952</u>
Less accumulated depreciation for:				
Furniture and equipment	391	390	-	781
Total accumulated depreciation	<u>391</u>	<u>390</u>	<u>-</u>	<u>781</u>
Capital assets, net	<u>\$ 1,561</u>	<u>390</u>	<u>-</u>	<u>1,171</u>

3. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$39,750 at December 31, 2005, are as follows:

Professional Legal Services	\$ 37,350
Other Contracted Services	525
Case Expense	<u>1,875</u>
Total	<u>\$ 39,750</u>

THIRTY-FIRST JUDICIAL DISTRICT INDIGENT DEFENDER BOARD NOTES TO THE BASIC FINANCIAL STATEMENTS

4. LITIGATION

There is no litigation pending against the board at December 31, 2005.

5. SIGNIFICANT AGREEMENTS

The Indigent Defender Board has entered into contracts with six attorneys to provide criminal defense legal services to the Thirty-First Judicial District Court, Ward 2 Court and the Jennings City Court as appointed by the presiding judge of each court. Under the terms of each contract five of the attorney's are individually paid \$74,700 annually. The other attorney was paid \$2,500 per month.

6. RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees/ independent contractors; and natural disasters. The Board does not presently carry commercial insurance for any of the above identified risk. Since the Board is a component unit of the Police Jury, it is possible that some risks of loss are covered by commercial insurance provided by the Police Jury. However, the Police Jury's insurance consultant could not provide any assurance concerning this potential coverage as of the issuance date of these financial statements. Therefore, it is probable that the Board has retained some risk of loss with respect to the various aforementioned risks. There is no provision in the financial statements for potential claims that may have been retained. The Board has not incurred any claims or settlements of claims for any risks in any of the past three years.

REQUIRED SUPPLEMENTAL INFORMATION

THIRTY-FIRST JUDICIAL INDIGENT DEFENDER BOARD
GOVERNMENTAL FUND - GENERAL FUND
Budgetary Comparison Schedule
For the Year Ended December 31, 2005

Schedule 1

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Court costs on fines and forfeitures	\$ 400,000	\$ 420,000	\$ 384,494	\$ (35,506)
Fees from indigents	-	-	240	240
State grants and contributions	-	18,757	18,757	-
Interest	4,400	4,400	6,973	2,573
Total Revenues	<u>404,400</u>	<u>443,157</u>	<u>410,464</u>	<u>(32,693)</u>
EXPENDITURES				
Current				
Judicial:				
Professional legal services	380,000	400,000	394,725	5,275
Other contracted services	6,000	11,000	10,520	480
Case expense	5,000	7,300	12,250	(4,950)
Office expense	-	-	162	(162)
Other	3,000	4,000	4,680	(680)
Depreciation expense	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>394,000</u>	<u>422,300</u>	<u>422,337</u>	<u>(37)</u>
EXCESS (Deficiency) OF REVENUES				
OVER EXPENDITURES	<u>10,400</u>	<u>20,857</u>	<u>(11,873)</u>	<u>(32,730)</u>
FUND BALANCES BEGINNING OF YEAR	<u>372,000</u>	<u>433,770</u>	<u>433,771</u>	<u>1</u>
FUND BALANCES END OF YEAR	<u>\$ 382,400</u>	<u>\$ 454,627</u>	<u>\$ 421,898</u>	<u>\$ (32,729)</u>

The accompanying notes are an integral part of this statement.

THIRTY-FIRST JUDICIAL DISTRICT INDIGENT DEFENDER BOARD
Notes to Budgetary Comparison Schedule
For the Year Ended December 31, 2005

A. BUDGETARY PRACTICES

General Budget Practices The Indigent Defender Board follows the following procedures in establishing budgetary data reported in the accompanying budgetary comparison schedule:

Pursuant to the Louisiana Government Budget Act (LSA-RS 39:1301-1314), the Indigent Defender Board is required to adopt an annual budget no later than fifteen days prior to the beginning of each fiscal year.

Each year prior to December 15th, the Indigent Defender Board develops a proposed annual budget for the general fund. The budget includes proposed expenditures and the means of financing them. The proposed budget is advertised as available for public inspection at least 10 days prior to final adoption simultaneously with a notice of the date of public hearing. The public hearing is conducted during a board meeting in order to obtain public input. The budget is subsequently adopted by the Board through a formal budget resolution.

General fund appropriations (unexpended budget balances) lapse at end of fiscal year.

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed.

Formal budget integration (within the accounting records) is employed as a management control device. All budgets are controlled at the object level. Budget amounts included in the accompanying financial statements include the original budget and all subsequent amendments. All budget revisions are approved by the Indigent Defender Board.

Budget Basis of Accounting The governmental fund budgets are prepared on the modified accrual basis of accounting, a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Legally, the Indigent Defender Board cannot budget total expenditures and other financing uses which would exceed total budgeted revenues and other financing sources including beginning fund balance. State statutes require the Indigent Defender Board to amend the budget to prevent overall projected revenues, expenditures, or beginning fund balance from causing an adverse budget variance of five percent or more in an individual fund. The Board approves budgets at the object level and management is allowed to transfer amounts between line items within an object.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN INDIVIDUAL MAJOR FUNDS

The following budgeted major funds had actual expenditures over budgeted expenditures for the fiscal year:

<u>Fund</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	\$ 422,300	\$ 422,337	\$ 37

Reason for unfavorable variance: adverse variance was below two percent and therefore considered insignificant with respect to cause.

OTHER REPORTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENTAL AUDITING STANDARDS

Thirty-First Judicial District Indigent Defender Board
Jefferson Davis Parish
Jennings, Louisiana

I have audited the financial statements of the governmental activities and the major fund of the Thirty-First Judicial District Indigent Defender Board, a component unit of the Jefferson Davis Parish Police Jury, as of and for the year ended December 31, 2005, which collectively comprise the Thirty-First Judicial District Indigent Defender Board's basic financial statements and have issued my report thereon dated June 26, 2006. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Thirty-First Judicial District Indigent Defender Board's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Thirty-First Judicial District Indigent Defender Board's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the Thirty-First Judicial District Indigent Defender Board's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying summary schedule of findings and questioned costs as item 96-1, since this condition also existed in the prior year.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the

internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above I consider item, 96-1 to be a material weakness.

This report is intended for the information of the Board, management, others within this organization, and the Louisiana Legislative Audit Advisory Council and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Mike B. Gillespie, CPA, APAC

Certified Public Accountant

Jennings, Louisiana

June 26, 2006

THIRTY-FIRST JUDICIAL DISTRICT INDIGENT DEFENDER BOARD
Jefferson Davis Parish, Louisiana
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2005

I have audited the financial statements of the Thirty-First Judicial District Indigent Defender Board as of and for the year ended December 31, 2005, and have issued my report thereon dated June 26, 2006, which was unqualified. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☒ Yes ☐ No Reportable Conditions ☒ Yes ☐ No

Compliance Material to Financial Statements, ☐ Yes ☒ No

b. Federal Awards

Internal Control

Material Weaknesses ☐ Yes ☒ No Reportable Conditions ☐ Yes ☒ No

Type of Opinion On Compliance Unqualified ☐ Qualified ☐

For Major Programs Disclaimer ☐ Adverse ☐

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)?
☐ Yes ☐ No

c. Identification of Major Programs:

CFDA Number (s)

Name of Federal Program (or Cluster)

Not applicable

Dollar threshold used to distinguish between Type A and Type B Programs: \$ _____
Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133? ☐ Yes ☐ No

Section II Financial Statement Findings

CURRENT YEAR FINDINGS:

See prior year findings below for findings that have not been corrected.

PRIOR YEAR FINDINGS :

96-1. LACK OF ADEQUATE SEGREGATION OF DUTIES

Condition: Due to the size of operations, the Board does not have adequate segregation of functions within the accounting system. This condition also existed in prior years.

THIRTY-FIRST JUDICIAL DISTRICT INDIGENT DEFENDER BOARD
Jefferson Davis Parish, Louisiana
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2005

Recommendation: Based upon the size of the operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Current Status: Corrective action not considered feasible.

Section III Federal Award Findings and Questioned Costs

Not applicable.

THIRTY-FIRST JUDICIAL DISTRICT INDIGENT DEFENDER BOARD
Jefferson Davis Parish, Louisiana

**MANAGEMENT'S CORRECTIVE ACTION PLAN FOR
CURRENT YEAR AUDIT FINDINGS**
For the Year Ended December 31, 2005

**SECTION I –INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FINANCIAL
STATEMENTS**

No current year findings reported.

SECION II –FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No current year findings reported.

SECTION III –MANAGEMENT LETTER

No current year findings reported.

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THIS SCHEDULE HAS BEEN PREPARED BY MANAGEMENT

THIRTY-FIRST JUDICIAL DISTRICT INDIGENT DEFENDER BOARD
Jefferson Davis Parish, Louisiana

MANAGEMENT'S SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended December 31, 2005

SECTION I –INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FINANCIAL STATEMENTS

No findings requiring further corrective action to report.

SECION II –FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings reported.

SECTION III –MANAGEMENT LETTER

No findings reported.

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THIS SCHEDULE HAS BEEN PREPARED BY MANAGEMENT